House File 349 - Introduced

HOUSE FILE 349 BY SALMON

A BILL FOR

- 1 An Act creating a parent investment tax credit available
- 2 against the individual income tax and including retroactive
- 3 applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- 1 Section 1. <u>NEW SECTION</u>. **422.10C** Parent investment tax 2 credit.
- 3 l. For purposes of this section, unless the context 4 otherwise requires:
- 5 a. "Dependent" has the same meaning as provided by the
- 6 Internal Revenue Code.

 7 b. "Earned income" means the same as defined in section 32
- 8 of the Internal Revenue Code.
- 9 c. "Public assistance program" means the family investment,
- 10 food assistance, and medical assistance programs administered
- 11 by the department of human services.
- 12 2. The taxes imposed under this subchapter, less the credits
- 13 allowed under section 422.12, shall be reduced by a parent
- 14 investment tax credit equal to one of the following amounts:
- 15 a. For a married person who meets the requirements of
- 16 subsection 3, five hundred dollars.
- 17 b. (1) For a married person who meets the requirements
- 18 of subsection 3 and who also meets one of the requirements
- 19 of subparagraph (2) or (3) of this paragraph, one thousand
- 20 dollars.
- 21 (2) The person provided private instruction in this state in
- 22 accordance with chapter 299A to at least one dependent of the
- 23 person during the tax year, which dependent did not attend a
- 24 public school or an accredited nonpublic school.
- 25 (3) The person has one or more dependents that attended a
- 26 public school or an accredited nonpublic school in this state
- 27 and the person provided at least one hundred eighty hours of
- 28 volunteer service during the tax year to the school or schools.
- 29 The person is required to have a written statement from a
- 30 school administrator verifying the number of hours of volunteer
- 31 service the person provided to the school during the year.
- 32 3. To be eligible for the credit provided in this section, a
- 33 married person must meet all of the following requirements:
- 34 a. The person is a resident of this state.
- 35 b. The person has a dependent who during the tax year was

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- 1 enrolled in this state in a preschool program or in any grade
- 2 from kindergarten through grade twelve, or who received private
- 3 instruction in this state in accordance with chapter 299A.
- 4 c. The person, the person's spouse, and the person's
- 5 dependents are not participating in a public assistance
- 6 program.
- 7 d. The amount of earned income received by the person for
- 8 the tax year does not exceed ten thousand dollars.
- 9 e. The person's spouse is not claiming the credit provided
- 10 in this section.
- 11 4. If the requirement in subsection 3, paragraph c, is not
- 12 met for the entire tax year, the maximum amount of the credit
- 13 for which the taxpayer is eligible shall be prorated and the
- 14 amount of the credit for the taxpayer shall equal the maximum
- 15 amount of credit for which the taxpayer is eligible for the tax
- 16 year, divided by twelve, multiplied by the number of months in
- 17 the tax year the requirements of subsection 3, paragraph c,
- 18 were met. If the person, the person's spouse, or the person's
- 19 dependents are participating in a public assistance program
- 20 during any part of the month, the person shall be considered as
- 21 participating in the public assistance program for the entire
- 22 month.
- 23 5. Any credit in excess of the tax liability is not
- 24 refundable but the excess for the tax year may be credited to
- 25 the tax liability for the following tax years until depleted.
- 26 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
- 27 retroactively to January 1, 2021, for tax years beginning on
- 28 or after that date.
- 29 EXPLANATION
- The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.
- 32 This bill creates a parent investment tax credit available
- 33 against the individual income tax for a married person who
- 34 meets certain requirements specified in the bill. First, the
- 35 person must be an Iowa resident and must have a dependent

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- 1 enrolled in Iowa in a preschool program or in any grade from
- 2 kindergarten through grade 12, or receiving private instruction
- 3 in this state in accordance with Code chapter 299A. Second,
- 4 the person, the person's spouse, and the person's dependents
- 5 (person's family) cannot be participating in a public
- 6 assistance program, defined in the bill to mean the family
- 7 investment, food assistance, and medical assistance programs
- 8 administered by the department of human services. Third,
- 9 the person's earned income for the tax year must not exceed
- 10 \$10,000. "Earned income" and "dependent" are defined in the
- 11 bill. The parent investment tax credit may only be claimed by
- 12 one spouse.
- 13 The credit is equal to \$500. However, the credit is equal
- 14 to \$1,000 if the person also provides private instruction to
- 15 the person's dependent in this state during the tax year in
- 16 accordance with Code chapter 299A or, if the dependent is
- 17 enrolled in school, the person volunteers at least 180 hours
- 18 with the school during the tax year. The person is required to
- 19 obtain a written statement from the school verifying the number
- 20 of hours the person volunteered during the tax year.
- 21 If a person's family participated in a public assistance
- 22 program for part of the year, but the person otherwise meets
- 23 the requirements for the tax credit, the amount of tax credit
- 24 is prorated based upon the number of months during the tax
- 25 year the person's family was not participating in a public
- 26 assistance program.
- 27 The credit is nonrefundable, but any excess tax credit may be
- 28 carried forward to future tax years until fully depleted.
- 29 The credit applies retroactively to tax years beginning on
- 30 or after January 1, 2021.